



DEPARTMENT OF THE NAVY

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WASHINGTON, D.C. 20350

IN REPLY REFER TO

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From: Chief of Naval Operations
To: Distribution

Subj: Personal Money Allowances and Position Allowances

Encl: (1) Title 37 U. S. Code, section 414

1. Section 414 of Title 37, United States Code, enclosure (1), sets forth those flag and general officers entitled to receive personal money allowances or position allowances, or both. The Congressional intent in authorizing the allowances was to reimburse the extraordinary expenses that are generally incurred by the specified officers in discharging the increased obligations for official entertainment and hospitality associated with their positions of prominence and responsibility. No precise criteria are established for the expenditure of these allowances. However, it would be consistent with the intent of Congress for an officer to expend his statutory personal money allowance or position allowance for non-personal objectives arising in the execution of his official functions, particularly his official entertainment and hospitality obligations.

2. In compliance with Presidential directions issued in connection with the FY 1977 budget review, the Assistant Secretary of Defense (Comptroller) has instructed the Military Secretaries to institute a reporting mechanism that will indicate the disposition made of personal money allowances and position allowances by the recipients. The Comptroller of the Navy is now working with the other Military Departments to develop a uniform reporting system which is simple, effective, and legally correct. The details of the reporting system will be promulgated individually to each addressee by the Chief of Naval Personnel (Pers-Of).

3. Annual reports of expenditures from personal money allowances and position allowances will be required to be submitted to the Chief of Naval Operations (OP-09B) not later than 31 January of each year, commencing in 1978. The report due on 31 January 1978 will cover the period from 1 July 1977 to 31 December 1977. Addressees are accordingly

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verted to these impending requirements and to begin retaining documentary evidence of their expenditures of the allowances in anticipation of the forthcoming reporting and possible audit requirements. In this regard, it may also be prudent to avoid commingling the allowances with private funds. One possible way to avoid commingling would be to establish a special checking account designated specifically for these allowances.

Very respectfully,
James W. Nance
JAMES W. NANCE
Assistant Vice Chief of Naval Operations
Director of Naval Administration

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